

DIVISION OF HEALTH CARE FINANCE AND POLICY

HEALTH DATA OPERATIONS GROUP

TWO BOYLSTON STREET

BOSTON, MA 02116

INSTRUCTIONS FOR PREPARING AND FILING

NURSING FACILITY COST REPORTS

2006 HCF-2-NH AND HCF-3

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INTRODUCTION

The Division of Health Care Finance and Policy uses Forms HCF-1, HCF-2-NH and HCF-3 as the basis for computing per diem rates of payment for Long-Term Care facilities that care for publicly-aided patients and for informational purposes in various databases. It is extremely important that these reports are prepared by persons who are familiar with the regulation 114.2 CMR 6.00 Standard Payments to Nursing Facilities. Copies of this regulation may be obtained on our website at www.mass.gov/dhcfp or from the Secretary of State's Office, Public Document Division, Room 116, State House, Boston, MA 02133, for a nominal charge. The telephone number is (617) 727-2834.

WHO MUST FILE:

All Nursing Facilities who render care to publicly-aided patients must file form HCF-1.

WHAT FORM TO FILE:

Nursing Facilities file an HCF-1 cost report. The HCF-1 is filed electronically. A paper copy of the HCF-1 cost report and instructions are available on our website at www.mass.gov/dhcfp.

Real Property Rent Expense must be reported on an HCF-2-NH or HCF-2-RH cost report.

Management Fees are reported on an HCF-3 cost report.

Resident Care Facilities file an HCF-4 cost report.

WHEN TO FILE:

Forms HCF-1, HCF-2-NH and HCF-3 are calendar year cost reports. The reports for 2006 are due on April 1, 2007. Reports not received by April 1, 2007 will be subject to sanctions per 114.2 CMR 6.07.

If a provider has closed on or before November 30, the provider is not required to file an HCF-1 report. New facilities should review the filing requirements as stated in 114.2 CMR 6.07.

When a provider is required to file a cost report for a base year before the Division has rewritten the report to reflect that base year's regulations, e.g. new facilities, etc., the prior year's cost report should be used. This cost report should be clearly marked informing the Division that the prior year's cost report is being utilized.

In exceptional circumstances, providers may seek an extension of time for submission of the reports. Such extensions will only be granted to providers who request them, in writing, thirty days prior to the due date per 114.2 CMR 6.00. The request must demonstrate the exceptional circumstances which prevent the provider from meeting the deadline. All requests for extensions must be made by the provider and not by an agent or other representative.

In no case shall extensions be granted for more than thirty (30) days past April 1. All requests for extensions should clearly state the full provider name and the vendor payment number. In the case of HCF-2-NH extensions, the vendor payment number and the full name of the realty company must be included.

WHERE TO FILE:

The HCF-2-NH and HCF-3 should be filed in DUPLICATE with:

Division of Health Care Finance and Policy
Health Data Operations Group
Two Boylston Street
Boston, MA 02116

The HCF-1 is an electronic filing via the INET.

ADDITIONAL INFORMATION

For assistance in completing these forms, contact the Help Desk at (800) 609-7232 between 9 am and 5 pm.

GENERAL INFORMATION

Forms HCF-1, HCF-2-NH and HCF-3 must be completed on the accrual basis. These reports are essentially balance sheets and income statements which must accurately reflect the complete financial condition of the facility, realty trust, Management Company or other reporting entity. **IT IS ESSENTIAL THAT EACH REPORT REFLECT THE ENTIRE FINANCIAL STATEMENT OF THE REPORTING ENTITY. (PARTIAL REPORTING IS NOT ACCEPTABLE).** There is a minor exception to this requirement. Certain timing differences between the books of the provider and the claim for reimbursement requirements may occur which could result in modest variances between the report and the provider's books. When this occurs, Schedule 6 of the HCF-2-NH and/or Schedule 7 of the HCF-3, Reconciliation of Income per Report with Income per Books should identify the variances.

In addition to being a complete financial statement, these forms also constitute a claim for reimbursement. On form HCF-1, the conversion from a financial statement to a claim for reimbursement begins with entering the total expenses, and subtracting the non-allowable expenses. The report also provides a vehicle to claim allowable fixed costs and costs that were generated through the entities which report on the forms HCF-2-NH (realty company) and HCF-3 (management company).

These forms have been designed so that the information can be easily keypunched. The forms should be TYPED OR HANDWRITTEN CAREFULLY IN BLACK INK. Only the original form, a very clear photocopy, or an approved facsimile will be accepted. Only dollars should be reported and rounding off of cents should be done carefully to ensure that all totals balance precisely. MATHEMATICAL ERRORS are a MAJOR REASON for COST REPORTS being returned to PROVIDERS.

ALL SCHEDULES THAT ARE NOT APPLICABLE SHOULD BE MARKED WITH "N/A."
BLANK SCHEDULES WILL BE RETURNED TO THE PROVIDER.

Footnotes which reveal special information are not only permissible but are required whenever the cost report says "Explain." However, please place such additional information and/or audit marks away from the account and value information which will be keypunched. Please put all comments, explanations and addendum on the page marked "Footnotes and Explanations," (Sch 20 of the HCF-1, Sch 10 of the HCF-2-NH and page 5 of the HCF-3).

ORIGINAL SIGNATURES ARE REQUIRED FOR EACH SECTION OF THE ATTESTATION IN THE HCF-2-NH AND ON HCF-3 PAGES 2 AND 3 IN THE CERTIFICATION SECTION OF THE COST REPORT. THE SIGNER MUST BE AN OWNER, OFFICER, PARTNER OR OTHER LEGALLY AUTHORIZED PERSON.

Computer generated facsimiles are acceptable if the cost report(s) is identical to the report(s) provided by the Division and is approved in advance. All applications for approval must be submitted to the Division by March 1.

DETERMINATION OF NEED

If the facility received a letter of final approval of a Determination of Need, please attach a copy of the letter outlining the approved maximum capital expenditures. A detailed analysis reconciling the Determination of Need letter to the claim on Schedule 4 of the HCF-2-NH, Detail of Claimed Fixed Costs, is required. This analysis should be provided in the Footnotes and Explanations section.

COST SPLITTING

Any cost which is split across two or more accounts on the cost report(s) shall be supported by adequate documentation. Adequate documentation for personnel costs that are split shall be defined as follows: complete and detailed time records such as time cards or sheets recorded on an individual basis and supporting the splitting of the personnel cost among the accounts, as well as work schedules and job descriptions. Each account impacted by such cost splitting shall be identified and the cost splitting fully explained in the Footnotes and Explanation section of the cost report.

FINAL CHECK-OFF

Many cost reports are returned, rates delayed, or unnecessary disputes are created because of reporting errors. To help you avoid these pitfalls and allow the Division to process rates timely and efficiently, please review the following checklist.

1. Have the HCF-2-NH and HCF-3 reports been signed in two places by an original signature (e.g. not a copy)?
2. Is each report mathematically correct? Please review the mathematical calculations for accuracy in areas including but not limited to bucket account totals, totals from supplementary schedule details that must reconcile with the general accounts totals, and amounts that must match values reported either on another schedule and/or an account value from a prior year report?
3. Have the fixed costs been claimed on the allowable basis instead of actual cost?
4. On, Reconciliation of Net Worth Schedule, does the beginning balance of Net Worth on line 1 equal the ending balance of the prior year cost report?
5. Have the schedules of non-allowable expenses been completed?
6. Have copies of equipment, office space leases, and pension plans been filed with the Division?
7. Are you satisfied that by converting this report to a claim that the resulting rate will accurately reflect all of the provisions of 114.2 CMR 6.00 which define reasonable operating costs as those costs incurred by a provider which are reasonable and necessary in providing adequate care to publicly-aided patients?

REALTY COMPANIES – HCF-2-NH

The Realty Company Report for providers filing an HCF-1 cost report has been reformatted. This new report is called an HCF-2-NH. The new format is similar to the HCF-1.

If the operating company incurs rent expense or if a value is reported on the HCF-1 in Real Property Rent Expense, account (4535.8), or HCF-3, account (9382.0) a Realty Company Report, Form HCF-2-NH must also be filed. Real property rent expense will be disallowed but the allowable costs of the realty company will be added to the reimbursement rate. The HCF-2-NH is required whether or not the realty is owned by a related party.

Whenever rent is paid to or expenses or allowances are claimed by a realty company which owns more than one property, an HCF-2-NH form which reports all of the financial activity and condition of that entity should be filed. **In addition, subsidiary form HCF-2-NH's should be filed for each facility and clearly marked "HCF-2-NHA", "HCF-2-NHB". etc.** Each subsidiary HCF-2-NH should also clearly indicate the name, address and provider number of the nursing facility or rest home which it represents, as well as, if applicable, the identification of other properties for which no claims are being made.

For example, if a realty trust owns a nursing facility in Athol, a resident care facility in Orange and apartments in Greenfield, a total of four (4) form HCF-2-NHs must be filed. One form will report the financial condition of the entire entity and be clearly marked, "See also HCF-2-NHA, HCF-2-NHB, and HCF-2-NHC". The HCF-2-NHA should report that portion of the entity which relates to the nursing facility, the HCF-2-NHB should report that portion of the entity which relates to the resident care facility and the HCF-2-NHC should report the remainder of the activities and be marked "Other Non-Claimed Realty Report". The subsidiary reports must total to and be consistent with the overall realty report.

HCF-2-NH SCHEDULES

1: General Information This schedule contains the following sections: Preparer Information, Cost Report Related Questions and Disclosure Information. **All sections must be completed. Do not leave any items blank.** If any item or question does not pertain to your entity, then please write the words “non-applicable” or “N/A” in the field so that it is apparent that the item or question was not overlooked.

Preparer Information: If someone other than the Owner, Partner or Officer prepared this report, enter the preparer information and circle the type of accounting service that was performed.

Cost Report Related Questions: The questions in this section pertain to changes in financing, reported asset holdings and renters of the realty’s assets. This information needs to be updated annually to keep the Division’s records current.

Disclosure Questions: This section contains questions regarding the direct and indirect ownership of the realty company, common ownership with any Massachusetts and Non-Massachusetts Nursing Homes and Rest Homes, and related party transactions.

A direct owner is the legal entity or individual that is the nursing facility’s owner of record. Enter the name of the corporation, trust, partnership, government agency, sole proprietor or other legal entity that is the legal owner of record.

An indirect owner is any individual or entity that holds a 5% or greater financial interest in the nursing facility direct owner. Enter the name of each stockholder, trust beneficiary, partner or any other individual or entity with such an interest.

A related party is an individual or organization associated or affiliated with, or that has control of, or is controlled by, the Provider; or is related to the Provider, or any director, stockholder, trustee, partner or administrator of the Provider by common ownership or control or in a manner specified in sections 267(b) and (c) of the Internal Revenue Code of 1954 as amended provided, however, that 10% is the operative factor as set out in sections 267(b)(2) and (3). Related individuals include spouses, parents, children, spouses of children, grandchildren, siblings, fathers-in-law, mothers-in-law, brothers-in-law and sisters-in-law.

2: Realty Company Statement of Income and Expenses

The information on this schedule must also be reported on HCF-1 Schedule 22.

Income

3510.0 Rental from Nursing Facility Income: This account represents the income earned from renting the building and/or equipment to a nursing facility.

3520.0 Other Rental: This account represents the rental income earned from any person or entity, except for a nursing facility.

3530.0 Other Income: This account represents the income generated from non-rental transactions.

3540.0 Fixed Recoverable Income: This is a new account which should be used to report any fixed cost recoverable income.

Expenses

This section of the report is broken down by expense category subtotals; fixed, variable and non-allowable. Please report the gross expenses in the Reported Expense field, self disallow any non-nursing home related and/or any other non-allowable amounts of the gross expenses by entering them into the Non-Allowable field and enter the claimed expense amount in the Total Allowable Expense field.

Please note that for the fixed cost expenses, the non-allowable amount should be the difference between the gross reported expense and the amount claimed on the HCF-2-NH, Schedule 4: Detail of Claimed Fixed Costs. Therefore, the total allowable amounts must equal the amounts claimed on Schedule 4: Detail of Fixed Costs.

Subtotal: Variable Expenses - Reported, Non-allowable, and Total Allowable Expenses must equal the total amounts reported in HCF-2-NH, Schedule 3: Detail of Variable Expenses, account, 9502.2.

Interest on Working Capital and Interest on Late Payments, Penalties are non-allowable for reimbursement purposes. The total amount reported for these expenses in the Reported Expense column should also be reported in the Non-Allowable Expense column.

Total Expenses is the sum of the fixed costs (account 9950.2), variable expense (account 9502.2) and non-allowable expense (account 9530.0) subtotals.

All of the detailed totals of income and expenses reported in HCF-2-NH, Schedule 2, must also be reported in HCF-1, Schedule 22.

3: Detail of Variable Expenses – Please provide line item detail for each variable expense that is included in Subtotal: Variable Expenses, Schedule 2. The total of the line items for Reported Expenses, Self-Disallowed Expenses, and Claimed HCF-2-NH Variable Expenses on Schedule 3 must equal the Subtotal: Variable Expenses, Reported Expenses, Non-Allowable Expenses, and Total Allowable Expenses, respectively, as reported on Schedule 2. The Detail of Variable Expenses listed in HCF-2-NH, must also be reported on the HCF-1, Schedule 24 or HCF-3, Schedule 10 accordingly.

4: Detail of Claimed Fixed Costs

Great care should be taken with this schedule since this is the basis of your fixed cost reimbursement. Errors and omissions on this schedule cause serious delays in computing rates. The allowable basis is seldom the same as actual cost; carefully review the provisions of 114.2 CMR 6.00. The starting point of this schedule should be your ending allowable basis from the previous year and prior rate period rate calculations. Be sure to reflect the additions and deletions previously reported. The claimed building depreciation expense should be adjusted to the amount calculated based upon the building depreciation rate reflected on previous rates which may be greater than the 2.5%. Your claim for long-term interest including related period expense such as service fees, mortgage insurance, etc. as well as any new allowable Long Term Debt should reflect all permanent factors calculated on your existing debt as well as any new Long Term Debt. Make complete disclosure of your calculations supporting the permanent factor(s) of your new debt in the Footnotes and Explanations section. The claimed fixed costs in Schedule 4 must equal the claimed fixed costs by line item in Schedule 2. The claimed fixed costs in HCF-2-NH Schedule 4 must also be reported on the HCF-1, Schedule 5 or HCF-3 Schedule 15 accordingly.

5: Balance Sheet

The information in this schedule must also be reported in HCF-1 Schedule 21.

Assets:

Current

1050.0 Other Cash- Other cash assets not included in checking account and cash on hand.

1010.0 Total Cash - Calculation (Total of accounts 1020.0 through 1050.0)

1270.0 Prepaid Interest - Interest benefit paid for in advance.

1280.0 Prepaid Insurance - Insurance benefit paid for in advance.

1300.0 Other Prepaid Expenses - This account should be used to record expenditures for future benefits. An example would be prepaid rent. This account should not be used to capitalize improvements or maintenance expenses which, in the provider's opinion, may benefit future periods. Improvements or maintenance costs that will benefit future periods should be capitalized into the appropriate Improvement Fixed Asset Account and depreciated over the aggregate useful lives established by the Division's regulations. Similarly, this account should not be used to record and

subsequently claim pre-opening costs which are not reimbursable or training costs which, while reimbursable, are to be expensed in the period in which they are incurred.

1005.0 Total Current Assets - Calculation (Total of Accounts 1010.0, 1150.0, 1260.0, and 1310.0).

Non-Current Assets

1511.1 Land-Cost

Gross value of land.

1510.0 Land- Book Value

Net amount of land.

1521.1 Building-Cost

Gross value of building.

1522.2 Building-Accumulated Depreciation

Cumulative amount of depreciation on building.

1520.0 Building-Book Value

Net amount of building.

1611.1 Building Improvements -Cost

Gross value of building improvements.

1612.2 Building Improvements-Accumulated Depreciation

Cumulative amount of depreciation on building improvements.

1610.0 Building Improvements-Book Value

Net amount of building improvements.

1631.1 Other Improvements – Cost

Gross value of other improvements.

1632.2 Other Improvements – Accumulated Depreciation

Cumulative amount of depreciation on other improvements.

1630.0 Other Improvements – Book Value

Net amount of other improvements.

1616.1 HCF Capital Improvements – Cost

Gross value of HCF Capital Improvements.

1617.2 HCF Capital Improvements – Accumulated Depreciation

Cumulative amount of depreciation on HCF capital improvements.

1615.0 HCF Capital Improvements – Book Value

Net amount of HCF Capital Improvements.

1651.1 Equipment – Cost

Gross value of equipment.

1652.2 Equipment – Accumulated Depreciation

Cumulative amount of depreciation on equipment.

1650.0 Equipment – Book Value

Net amount of equipment.

1661.1 HCF Capital Equipment – Cost

Gross value of HCF Capital Equipment.

1662.2 HCF Capital Equipment – Accumulated Depreciation.

Cumulative amount of depreciation on HCF capital equipment.

1660.0 HCF Capital Equipment – Book Value

Net amount of HCF Capital Equipment.

1701.1 Motor Vehicles - Cost

Gross value of motor vehicles.

1702.2 Motor Vehicles – Accumulated Depreciation

Cumulative amount of depreciation on motor vehicles.

1700.0 Motor Vehicles – Book Value

Net amount of motor vehicles.

1710.1 Software - Cost

Gross value of software.

- 1710.2** Software – Accumulated Depreciation
Cumulative amount of depreciation on software.
- 1710.0** Software – Book Value
Net amount of software.
- 1715.1** HCF Capital Software – Cost
Gross value of HCF Capital Software.
- 1715.2** HCF Capital Software – Accumulated Depreciation
Cumulative amount of depreciation on HCF capital software.
- 1715.0** HCF Capital Software – Book Value
Net amount of HCF Capital Software.
- 1500.0** TOTAL - FIXED ASSETS
Calculation (Total of accounts 1510.0 through 1715.0)

Deferred Charges And Other

- 1975.1** Mortgage Acquisition Costs
This account is used by providers to disclose the balances that relate to the annual amortization reported as additional interest expense on Schedule 9, Analysis of Mortgages and Notes Payable.
- 1979.0** Construction in Progress
Construction in progress or work in progress should be reported in this account. Such construction or work in progress should never be reported and claimed as an allowable asset on the Detail of Claimed Fixed Costs schedule. Only when the asset has been converted to full use for the care of patients should it be entered there.
- 1980.0** Other
All other non-current assets.
- 1000.0** Total Assets
Calculation (Total of Accounts 1005.0, 1500.0, and 1900.0)

Liabilities and Net Worth:

Current Liabilities:

- 2110.0** Officer, Owner, Related Parties
The portion of loans to the realty company by the Owner, Officer or Related Parties due within a year.
- 2120.0** Subsidiaries and Affiliates
As above but loan would be from subsidiary or affiliate
- 2130.0** Banks
Line of credit due within a year.
- 2150.0** Other Short-Term Financing
Working Capital from any source not individually listed that is due within a year.
- 2160.0** Payments Due w/in One Year on Long Term Debt:
Most providers have long-term debt and accordingly, report values in Mortgages (**2310.0**), and Other Long Term Debt (**2320.0**). Any provider who reports a mortgage or other Long Term Debt must also enter the amount which is due within one year under Current Liabilities, acct. 2160.0. If no portion of the long-term debt is due within one year, an explanation should be provided in the Footnotes and Explanations section.
- 2100.0** Total Notes and Loans Payable (Total of accounts 2110.0 through 2160.0)
- 2240.0** Accrued Taxes- Realty and Management - Taxes that have been incurred, but not yet paid.
- 2295.0** Other Current Liabilities- All other current liabilities not cited above.
- 2005.0** Total Current Liabilities - Total of Accounts 2100.0, 2240.0 and 2295.0)

Net Worth Not-For-Profit

NET ASSETS

2410.0 Unrestricted

The part of net assets that is neither permanently restricted nor temporarily restricted by donor imposed stipulations.

2420.0 Temporarily Restricted

The part of the net assets resulting from (i) contributions and other assets whose use is limited by donor imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions pursuant to those stipulations, (ii) other asset enhancements and diminishments subject to the same kind of stipulations, **or** (iii) reclassification to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions pursuant to those stipulations.

2430.0 Permanently Restricted

The part of the net assets resulting from (i) contributions and other assets whose use is limited by donor imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the organization, (ii) other asset enhancements and diminishments subject to the same kind of stipulations, **and** (iii) reclassification to (or from) other classes of net assets as a consequence of donor-imposed stipulations.

2400.0 TOTAL NET ASSETS

Calculation (Total of accounts 2410.0 through 2430.0)

Net Worth Proprietorship or Partnership

2545.0 Contributions - This account has been added to record Proprietorship and Partnership Contributions. This amount should also be reported in HCF-2-NH Schedule 7.

2510.0 Total Proprietorship or Partnership

Calculation (Total of accounts 2520.0 through 2550.0)

Net Worth Corporate

2610.0 Total Corporation Calculation

(Total of accounts 2620.0 through 2650.0)

2000.0 Total Liabilities And Net Worth

Calculation (Total of accounts 2005.0, 2300.0 and 2500.0)

6: Reconciliation of Income per Report with Income per Books

This schedule should be used to disclose any difference between the cost report and the books of the provider. Net Income (loss) before reconciling items must agree with Schedule 7, Net Income (Loss). Material items appearing on this schedule should be explained in detail in the Footnotes and Explanations section.

7: Reconciliation of Net Worth This schedule summarizes the changes in net worth during the reporting period. Proprietorships and partnerships should complete Part 1, corporations should complete Part 2 and Non-Profits should complete the schedule of page 14. The beginning balance of Net Worth on line one must be the same as the reported ending net worth on the previous year's cost report. Any variance must be explained in detail with footnotes. The ending balance must agree with the reported net worth on this year's cost report. The Net Income (Loss) amount must equal the amount reported on Schedule 6 before reconciling items. The column names and descriptions should not be changed. This format facilitates structured entry into the schedule. If for any reason this schedule presents reporting problems, provide a complete explanation in the Footnotes and Explanations section.

8: Proprietorship, Partnership or Corporate Information

This schedule is used to report the names of the legal owners of the business and to disclose the salary and other compensation paid to owners as well as what accounts were charged. Sole proprietors should report the same amount as reported in the draw account and under no circumstances should any amount be

claimed for personal services in an account other than draw. If additional space is needed, use Schedule 10, Footnotes and Explanations.

9: Summary of Notes Payable

This schedule should include all mortgages and notes payable whether or not interest expense has been incurred. Rates of interest should be clearly indicated. For Variable rate mortgages use "VAR" or "P + #" if appropriate. **Period expenses** such as mortgage insurance should be reported as a period expense and a detailed disclosure should be made in the Footnotes and Explanation section. All existing debt should reconcile to the Balance Sheet and Income Statement accounts. Consistent balances should be carried forward from the previous year's cost report. New financing or refinancing should be completely disclosed on Schedule 10. Details of items such as Mortgage Acquisition Costs, Bond Discounts, Bond Premiums, Bond Service Fees, Interest earned on Escrow Funds and Negative Principal Payments, as well as any other significant information with regards to this Long Term Debt should be disclosed in the Footnotes and Explanations section. Long-Term Debt - Bonds should be reported at Face or Stated Value of the Bonds at the time of issue and Bond Discounts or Premiums reported as a Mortgage Acquisition Cost. Total disclosure of all facts regarding such financing should be made in the Footnotes and Explanations section.

10: Footnotes and Explanations

This page is used to provide detail to any of the information provided on the HCF-2-NH report that needs elaboration, explanation or clarification.

Attestation

Please go back and review the information reported in the HCF-2-NH before completing the Attestation Sections of the cost report. Once you are satisfied that the information is correct, complete Attestation Sections A and B attesting to the preparation and accuracy of the HCF-2-NH Report.

Section A: This section must be completed by the HCF-2-NH Cost Report preparer other than the owner, partner or officer. If there is no preparer other than the owner, partner or officer, then please mark this section "N/A".

Section B- This section must be completed and signed off with an original signature by the authorized signatory, typically the owner, partner or officer.

MANAGEMENT COMPANIES – HCF-3

A management fee is the cost related to a second party overseeing the ongoing operation of all or part of the facility. Whenever management fees are incurred, they should be reported in account 4160.3. Whether or not the expense is claimed for reimbursement, a Management and/or Central Office Report, Form HCF-3, must be filed. Management fees will be disallowed but the allowable costs of the management company as allocated over the managed entities will be added to the reimbursement rate. In the event that the management company itself pays a management fee, then additional HCF-3's must be filed, e.g. HCF-3A, B, etc. Special allocations to certain facilities can be accommodated by combining direct and shared expenses on Schedule 10 of the HCF-3 and putting a footnote on the appropriate HCF-1. All such special allocations must be supported by detailed and well-documented evidence. **Form HCF-3 includes the balance sheet, profit and loss statement, and allocation of allowable management company expenses. The values reported in the HCF-3 represent the true financial condition of the management company entity and therefore should reflect all of the costs of the management company, not net costs after adjustments.** If expenses of the management company have been reported directly on the HCF-1, this should be disclosed in the Footnotes and Explanations section on both the HCF-1 and the HCF-3. The cost report related question on the HCF-1, Schedule 1, Question #6 and on the HCF-3, pg. 12, should be answered affirmatively.

Management Consulting (4160.6) is the cost of a specific identifiable project or task done by an outside vendor. An HCF-3 is not needed if **only** management consulting services are provided.

Certification by Owner, Partner or Officer

This schedule contains two sections which must be completed and signed off with original signatures by the appropriate people. The first section is to be completed and signed off by the owner partner or officer and must be the authorized legal signatory for the entity.

The second section must be completed and signed off by the cost report preparer, someone other than the owner, partner or officer. If this section does not apply to the entity, please write “N/A” on the designated line for the preparer’s name.

Schedule A: Disclosure Information

This schedule is similar to the Disclosure Information for the HCF-2-NH, Schedule 1, page 6 above, except that it is information furnished for the HCF-3 (Management Company). If the facility is owned by a corporation or chain, list the name of the corporation under “Last Name”. Facilities or related entities that are in a trust must list the beneficial owner under “Last name”.

Once the Disclosure Section is complete, please review it for accuracy and have the authorized signatory sign off with original signature at the bottom of page 3.

Sole Proprietor, Partnership and Corporate Information

This page is used to report the names of the legal owners of the business and to disclose the salary and other compensation paid to owners as well as what accounts were charged. A complete accounting of all disbursements to the Owners, Partners and Officers should be reported here as presented in the examples below. Sole proprietors should report the same amount as reported in the draw account and under no circumstances should any amount be claimed for personal services in an account other than draw.

Sole Proprietorship:

Account	#2530.0 ¹	# XXX	# XXX	# XXX	# XXX
% Time Devoted	75%	XXX %	XXX %	XXX %	XXX %
Salary	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX
Employee Benefits	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX
Payroll Taxes	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX
Workers’ Comp.	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX
Draw	\$26,000	\$ XXX	\$ XXX	\$ XXX	\$ XXX
Other:	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX
Other:	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX
Total	\$26,000	\$ XXX	\$ XXX	\$ XXX	\$ XXX

Last Name
 Jones
 First Name
 Fred
 Title
 Circle one:
Owner / Officer / Partner

Partnership:

Last Name
 Smith
 First Name
 Judith
 Title
 Circle one:
 Owner / Officer / **Partner**

Account	#2540.0 ¹	#4110.1	#5115.5	#	#
% Time Devoted	0%	100 %	0%	%	%
Salary	\$ XXX	\$30,000	\$	\$	\$
Employee Benefits	\$ XXX	\$ 3,555	\$	\$	\$
Payroll Taxes	\$ XXX	\$ 2,455	\$	\$	\$
Workers' Comp.	\$ XXX	\$ 575	\$	\$	\$
Draw	\$16,000	\$	\$	\$	\$
Other: Plant Sup	\$ XXX	\$	\$1,500	\$	\$
Other:	\$ XXX	\$	\$	\$	\$
Total	\$16,000	\$36,585	\$1,500	\$	\$

Highest Paid Salaries

The names, salaries and benefits of the three employees who have the highest compensation being claimed on this report must be disclosed in this schedule.

Footnotes and Explanations

This page is used to provide detail to any of the information provided on the HCF-3 report that needs elaboration, explanation or clarification. Examples of accounts which may need further explanation include, but are not limited to: Pension Expense (type of plan, method of funding and vesting criteria); Other Assets (1980.0); Cost Splitting among different accounts; and Rent Expense, except for real property.

SCHEDULES

- 1: Balance Sheet:** The balance sheet accounts in the HCF-3 are similar to those in the HCF-1 and HCF-2-NH. Please refer to the definitions in the HCF-1 and HCF-2-NH instructions.
- 2: Statement of Profit and Loss:** In prior years, there were delays in balancing the HCF-3 Report due to mathematical and rounding errors in the submitted reports. The sum of the reported values in the detail accounts didn't reconcile to subtotal accounts and/or the control accounts by total and cost category and in many cases didn't reconcile to the totals reported on related schedules. This year cost category designations have been added to the HCF-3 Report to help you identify the cost category of each expense. Please refer to the grid below for cost category classifications.

Expense Classification Code	Expense Description	Accounts
V	Variable	Administration Salaries (9312.1), Administrators in Training (9313.1), Clerical Services (9321.1), Payroll Services/EDP (9322.3), Q/A Professional (9323.1), Physical/Occupations Therapist (9323.2), Dietician (9323.4), Other Administrative Costs (9323.7), Office Supplies (9325.0), Recreational Therapy – Transportation (9326.0), Phones (9331.5), Conventions & Meetings (9338.6), Other Travel (9339.6), Advertising-Help Wanted (9341.5), License and Dues (4345.0), Group Life/Health Ins & Pensions- Admin (9351.6), Group Life/Health Ins & Pension – Other Employees (9353.2), Other Accounting Services (9362.7), Payroll Taxes – Admin (9371.2), Payroll Taxes- Other Employees (9372.2), Worker's Compensation – Other Employees (9373.3), Worker's Compensation-Administration (9376.2), General Insurance (9377.3), Miscellaneous

Expense Classification Code	Expense Description	Accounts
		Expense (9379.0), Maintenance (9390.0), and Other Property Costs (9391.0)
F	Fixed	Real Estate Taxes (9380.0), Personal Property Taxes, (9380.1) Insurance-Building, Improvements and Equipment (9380.5), Long Term Interest (9381.0) , Other Fixed(9382.0) Depreciation- Building (9386.8), Depreciation-Improvements (9387.8), Depreciation – HCF Capitalization Improvements (9387.9), Depreciation-Equipment (9388.8), Depreciation-HCF Capitalized Equipment (9388.9), Depreciation-Software/Ltd. Life Assets (9390.8), and Depreciation-HCF Capitalization Software/Ltd. Life Assets (9390.9)
D	Director of Nurses	Director of Nursing Salary (9323.3), Director of Nursing Group Life/Health Insurance & Pension (9352.0), Director of Nursing Payroll Taxes (9372.0), and Director of Nursing Worker’s Compensation Insurance (9374.0)
N	Non-Allowable	Officer/Owner Compensation (9316.1), Director’s Fees (9317.3), Other Management Fees (9321.0), Telephone Directory Advertising (9332.6), Motor Vehicle Expense (9336.5), Other Advertising (9342.6), Group Life/ Health, & Life Ins. & Pension-Officers/Owner/Dir. (9351.7), Accounting Appeal Services (9361.3), Legal Services (9366.3), Other Legal (9367.7), Payroll Taxes-Officer/Owner/Director (9371.3), Workers’ Comp.-Officer/Owner/Director (9373.1), Interest on Late Payments, Penalties (9381.5), Interest on Working Capital (9381.7).

Income

3630.0 Nursing Facilities:

Any income generated from nursing facilities.

3650.0 Other Income:

Any income except for income generated from nursing facilities. Recoverable amounts of other income must be reported under the related cost classification in Schedule 14, Detail of Self-Disallowed Expenses to disclose and reduce claims for Variable (account 3650.1), Direct of Nurses (account 3650.2), and/or Fixed Expenses (account 3650.3) accordingly.

3600.0 Total Income:

All gross income for the reporting period which must equal the sum of accounts 3630.0 and 3650.0.

Expenses

9382.0 Other

This account must be itemized on bottom of page 11. If Real Property Rental is included, a copy of the lease must be on file with the Division. If rent is claimed from a related party, an HCF-2-NH must be filed.

9391.0 Other Property Costs

Provide details of this account on Schedule 22. This account should not include rent.

Reported Management Company Expenses

9300.1 Total Reported Fixed Costs:

Sum of all the fixed (“F”) accounts in the Profit and Loss Statement; account (9380.0) Real Estate Taxes, (9380.1) Personal Property Taxes, (9380.5) Insurance – Building, Improvements and Equipment, (9381.0) Long Term Interest, (9382.0) Other fixed –HCF-2, and (9385.0) Total Depreciation Account should be reported in this account. See the expense classification grid for further details.

9300.2 Total Reported Variable Costs:

Sum of all the variable (“V”) accounts in the Profit and Loss Statement should be reported in this account. Please refer to the expense classification grid for a listing of all the subsidiary accounts related to this control account.

9300.4 Total Reported Automatically Disallowed Expenses:

Automatically Disallowed Expenses are expenses that are considered non-allowable for reimbursement purposes. Sum of all the automatically disallowed (“N”) accounts in the Profit and Loss Statement should be reported in this account. Please refer to the expense classification grid for a listing of all the subsidiary accounts related to this control account. The individual “N” account values must also be reported in their entirety in Schedule 13, Detail of Automatically Disallowed Expenses.

9300.8 Total Reported Director of Nursing Costs:

Sum of all the Director of Nursing (“D”) accounts in the Profit and Loss Statement should be reported in this account. Please refer to the expense classification grid for a listing of all the subsidiary accounts related to this control account.

9300.0 Total Reported Management Company Expenses:

Sum of the expenses reported in accounts 9300.1, 9300.2, 9300.8 and 9300.4 should be reported in this account.

Non-Allowable Management Company Expenses

9301.1 Total Self-Disallowed Fixed Costs:

The total self-disallowed amount in this account is carried forward from Schedule 14, account 9301.1. Refer to the Schedule 14 instructions for the details on how this number is calculated for fixed costs.

9301.2 Total Self-Disallowed Variable Costs:

The total self-disallowed amount in this account is carried forward from Schedule 14, account 9301.2.

9301.4 Total Automatically Disallowed Expenses:

The total Automatically Disallowed Expenses in this account is carried forward from Schedule 13, account 9301.4.

9301.8 Total Self-Disallowed Director of Nursing Costs:

The total self-disallowed amount in this account is carried forward from Schedule 14, account 9301.8.

9301.0 Total Non-Allowable Management Company Expenses:

Sum of the expenses reported in accounts 9301.1, 9301.2, 9301.8 and 9301.4

Adjusted Management Company Expenses

9302.1 Total Adjusted Fixed Costs (from Schedule 15):

The difference between the total reported fixed costs, account 9300.1, and the total non-allowable fixed costs, account 9301.1 should be reported in this account. The account total must also reconcile with the claimed fixed cost amount in Schedule 15, Detail of Claimed Fixed Costs, account 9302.1 net of any recoverable income and Schedule 10, column G.

9302.2 Total Adjusted Variable Costs:

The difference between the total reported variable costs, account 9300.2, and the total non-allowable variable costs, account 9301.2 should be reported in this account. The account total must also reconcile with the claimed allocated variable cost amount in Schedule 10, column E.

9302.4 Total Automatically Disallowed Expenses:

The difference between the total reported automatically disallowed account 9300.4, and the total automatically disallowed expenses, account 9301.4, should be reported in this account. This account should equal zero.

9302.8 Total Adjusted Director of Nursing Costs:

The difference between the total reported Director of Nursing Expenses, account 9300.8, and the total non-allowable Director of Nursing costs, account 9301.8 should be reported in this account. The account total must also reconcile with the claimed Director of Nurses allocated amount in Schedule 10, column "F".

9502.2 HCF-2-NH Variable Costs Add-back (HCF-2-NH Schedule 3)

This amount should be carried forward from the HCF-2-NH, Schedule 3. The account total must also reconcile with the claimed HCF-2 Variable Add-back allocated amount in Schedule 10, column "E".

9302.0 Total Adjusted Management Company Expenses:

Sum of the expenses reported in accounts 9302.1, 9302.2, 9302.8, 9302.4 and 9502.2. This account must also equal account 9300.0 less 9301.0 plus 9502.2.

5: Analysis of Mortgages and Notes Payable

This schedule should include all mortgages and notes payable whether or not interest expense has been incurred. Rates of interest should be clearly indicated. For Variable rate mortgages use "VAR" or "P + #" if appropriate. **Period expenses** such as mortgage insurance should be reported as a period expense and a detailed disclosure should be made in the Footnotes and Explanation section. Liabilities relating to working capital debt should be reported on Part 2. All existing debt should reconcile to the Balance Sheet and Income Statement accounts. Consistent balances should be carried forward from the previous year's cost report. New financing or refinancing should be completely disclosed on Schedule 5. Details of items such as Mortgage Acquisition Costs, Bond Discounts, Bond Premiums, Bond Service Fees, Interest earned on Escrow Funds and Negative Principal Payments, as well as any other significant information with regards to this Long Term Debt should be disclosed in the Footnotes and Explanations section. Long-Term Debt - Bonds should be reported at Face or Stated Value of the Bonds at the time of issue and Bond Discounts or Premiums reported as a Mortgage Acquisition Cost. Total disclosure of all facts regarding such financing should be made in the Footnotes and Explanations section.

7 Reconciliation of Income per Report with Income per Books

This schedule should be used to disclose any difference between the cost report and the books of the provider. HCF-3 Net Income (loss) before reconciling items must agree with Schedule 8, Net Income (Loss). Material items appearing on this schedule should be explained in detail in the Footnotes and Explanations section.

8: Reconciliation of Net Worth

This schedule summarizes the changes in net worth during the reporting period. Proprietorships and partnerships should complete Part 1 and corporations should complete Part 2. The beginning balance of Net Worth on line one must be the same as the reported ending net worth on the previous year's cost report. Any variance must be explained in detail with footnotes. The ending balance must agree with the reported net worth on this year's cost report. The Net Income (Loss) amount must equal the amount reported on Schedule 7 before reconciling items. The column names and descriptions should not be changed. This format facilitates structured entry into the schedule. If for any reason this schedule presents reporting problems, provide a complete explanation in the Footnotes and Explanations section.

10: Allocation of Proprietary Provider's Claim for Expense

The Division recognizes that some management companies directly employ or contract the following positions: Director of Nurses, Dietitian, Physical Therapist, Occupational Therapist and Quality Assurance Professional. Schedule 10, allows for add backs to correspond with existing cost centers.

Schedule 10 must list all of the Massachusetts nursing homes managed by the management company. The allocation of costs must be over ALL of the management company's businesses. This includes MA and Non-MA facilities (even those facilities which do not claim expenses on their HCF-1 or HCF-4), and all other businesses (MA and Non-MA). Schedule 10 has been carefully designed to accommodate direct expense charges or credits to specific nursing facility or other entity activities. Whenever such direct assignments are necessary, a complete explanation and comprehensive documentation justifying the specific assignment of costs is necessary.

Part 1:

This part represents all of the allowable expenses claimed.

Part 1a – This section must list all of the Massachusetts nursing and rest homes managed by the management company and the allocation of expenses whether or not claimed on the nursing or rest homes' respective HCF-1's or HCF-4's.

Part 1b – This section must include the allocation of claimed expenses to Non-MA facilities managed by this entity reported in total. A listing of the Non-MA facilities and the allocated costs must be attached to the HCF-3.

Part 1c – This section must include the allocation of claimed expenses to the other businesses managed by this entity reported in total. A listing of the other businesses and the allocated costs must be attached. The method used to allocate these expenses must be explained.

Column A – This column is used to allocate the shared expenses to all nursing homes, rest homes and other businesses.

Column B – This column is carried forward from Part 3 of Schedule 10. This column must equal the sum of Part 3, a, b and c.

Column C – This column is used if the management company allocated certain variable expenses directly. An explanation must be provided.

Column D – This is the sum of columns A + B + C. This column must agree to account 9302.2 on Schedule 2.

Column E – The allocated HCF-2 Variable Cost Add-back is reported in this column. This column must agree to account 9502.2 on Schedule 2.

Column F – This column is carried forward from Part 2. This column must agree to Account 9302.8 on Schedule 2.

Column G – This column is used to allocate the Fixed Expenses from Schedule 15. This column must agree to account 9302.1 on Schedule 2.

Column H – This is the sum of columns D + E + F + G. This column must agree to account 9302.0 on Schedule 2.

Part 2, Director of Nurses:

This part should be completed if the management company employs the Director of Nursing, who works directly on-site at the nursing home it manages. Do not include the manager of the Director of Nursing or the person to whom the Director of Nursing reports. The amount reflected in the total column must also be reported in Part 1 in the designated fields. This part is carried forward to column F, Part 1.

Part 3 (a) Dietitian (b) Physical Therapist/Occupational Therapist and (c) Quality Assurance Professional: These parts should be completed if the management company employs or contracts with the Dietitian, the P.T./O.T. who performs **indirect** services or the Quality Assurance Professional who work on-site at the nursing home. Do not include the expense of the person who manages the Dietitian, P.T./O.T., or Quality Assurance Professional or the person to whom they report. The amount reflected in

the total columns must also be reported in Schedule 10, Part 1 in the designated fields. The sum of Part 3, a, b and c are carried forward to column B, Part 1.

13:Detail of Automatically Disallowed Expenses

Automatically Disallowed Expenses are expenses that are considered non-allowable for reimbursement purposes. This schedule begins the process of converting the report to a claim for reimbursement. Providers must enter all reported values from each automatically disallowed (“N”) account in Schedule 2: The Profit and Loss Statement on the designated lines in Schedule 13. If the provider has nothing to report, then "not applicable: N/A" should be written and the total account 9301.4 set equal to zero. Once you have completed this schedule, the Total Automatic Disallowed Expenses, in Schedule 13 account 9301.4 must also be reported in the same account in Schedule 2: The Statement of Profit and Loss under the “Non-Allowable Expenses by Type” section of the Summary of Management Company Expenses.

14:Detail of Self Disallowed Expenses

This schedule requires the provider to adjust all expenses not automatically disallowed that are not reimbursable under 114.2 CMR 6.00 including any recoverable income that needs to be offset against claimed expenses. **Negative amounts will only be allowed for Fixed Costs.**

9301.1 For each expense account, the self disallowed amount is the difference between the gross reported expense in the Schedule 2, Statement of Profit and Loss, and the claimed amount in Schedule 15, Detail of Claimed Fixed Costs. For example, if the amount reported in account 9386.8, building depreciation is \$10,000 and the claimed amount of building depreciation on Schedule 15 is \$5,200, the amount reported in Schedule 14 for account 9386.8 should be \$4,800. If the amount reported in account 9387.8 is \$0 in Schedule 2, and the amount reported on Schedule 15 is \$1,200, the amount reported on Schedule 14 for account 9387.8 should be (\$1,200).

14a:Narrative for Detail of Self Disallowed Expenses

A narrative describing and explaining the method or basis used to determine the self-disallowed amounts reported in Scheduled 14: Detail of Self-Disallowed Expenses must be provided on this page.

15:Detail of Claimed Fixed Costs

Since reported fixed costs are automatically disallowed, this schedule requires the provider to restore **only the allowable fixed costs** to the claim. Great care should be taken with this schedule since this is the basis of your fixed cost reimbursement. Errors and omissions on this schedule cause serious delays in computing rates. The allowable basis is seldom the same as actual cost; carefully review the provisions of 114.2 CMR 6.00. The starting point of this schedule should be your ending allowable basis from the previous year. Be sure to reflect the additions and deletions previously reported. Your claim for long-term interest including related period expense such as service fees, mortgage insurance, etc. as well as any new allowable Long Term Debt should reflect all permanent factors calculated on your existing debt as well as any new Long Term Debt. Make complete disclosure of your allocation methodology to arrive at the amounts attributable to the Massachusetts’ Nursing Facilities and Rest Homes and calculations supporting the permanent factor(s) of your new debt in the Footnotes and Explanations section. The claimed fixed costs in Schedule 15 must reconcile with total claimed fixed costs in Schedule 10.

16:Detail of Clerical Expenses

The total expenses for clerical services must be detailed on this schedule. If the detail provided here does not equal account 9321.1, the report will be returned to the provider. The total amount in this detail must reconcile with the same account in Schedule 2: Statement of Profit and Loss.

19:Detail of Other Administrative Cost

The total expense for Other Administrative Costs must be detailed on this schedule. The total amount in this detail must reconcile with the same account in Schedule 2: Statement of Profit and Loss.

20:Detail of General Insurance

The total expense for General Insurance must be detailed on this schedule. The total amount in this detail must reconcile with the same account in Schedule 2: Statement of Profit and Loss.

21:Detail of Miscellaneous Expense

The total expense for Miscellaneous must be detailed on this schedule. The total amount in this detail must reconcile with the same account in Schedule 2: Statement of Profit and Loss.

22:Detail of Other Property Costs

The total expense for Other Property Cost must be detailed on this schedule. The total amount in this detail must reconcile with the same account in Schedule 2: Statement of Profit and Loss.

23:Organizational Structure

All management companies must complete this schedule. All documentation supporting the response must be available upon request by the Division.

Please read the EXAMPLE response below before preparing your answer.

24:Additional Information

A brief historical time-line narrative including background, company inception and other notable structural change dates must be provided on this schedule. This schedule is required of all management companies.

EXAMPLE RESPONSE TO SCHEDULE 23

Response to Part 1 & 2:

The provider should attach a copy of the Organization Chart.

Response to Part 3.

- A. No costs are allocated down to ABC Management Company from the Parent/Owner Corporation.
- B. ABC Management Company consists of three departments; Accounting, Marketing and Administration. The total combined direct operating costs of the three departments equal \$100,000. Management has determined that only the Accounting Department Expenditures relate to the Health Care Division. Three components exist within the accounting department; Health Care, (which has direct costs of \$10,000) Pooled, (which has direct costs of \$20,000) and Non-Health Care, (which has direct costs of \$10,000) After thorough analysis, Management has decided that only \$15,000 (\$5,000 of Health Care and \$10,000 of Pooled) in accounting expenditures is allowable for health care reimbursement per 114.2 CMR 6.00 of the Massachusetts Division of Health Care Finance and Policy. The \$15,000 of allowable accounting costs will be subject to some reasonable method of allocation in a later step. (See Exhibit 2 for a more detailed explanation of the Accounting Department Allowable Expenditures and Allocation Method.)
- C. Health Care Division: Total direct operating costs consist of \$80,000. Management has concluded (after analysis) that only \$40,000 of the direct healthcare costs is allowable. This expenditure is allocated to our regional offices based on the percentage of total licensed beds in each region. The total licensed beds operated and/or managed equal 12,500. The East Regional Office oversees 5,000 of these beds. Therefore, forty percent (40%) of the Health Care Division's total allowable cost or \$16,000 has been allocated to the East Regional Office. Based upon some reasonable method of allocation, a portion of the \$16,000 of allowable costs allocated to the East Regional Office will be allocated to the Mass. Nursing Facilities at a later step.
- D. East Regional Office: Total direct operating costs consist of \$50,000. Management has concluded (after analysis) that only \$40,000 of the East Regional total direct operating costs is allowable. This expenditure is allocated based on licensed beds covered by this office. Total licensed beds in the east region are 5,000 with Massachusetts beds accounting for 1,000 of these

beds. Therefore, twenty percent (20%) of the East Regional Office's allowable expenditures or \$8,000 has been allocated to Massachusetts facilities.

Massachusetts Regulation Analysis:

A. Parent: None claimed.

B. ABC Management:

1. Accounting Department:

\$15,000 Allowable ABC Management Company Expenses

\$15,000 * 50% = \$7,500 Allocated to the Health Care Division

\$ 7,500 * 40% = \$3,000 Allocated to East Regional Office

\$ 3,000 * 20% = \$ 600 Allocated to Mass. Facilities

2. Health Care Division:

\$80,000 * 50% = \$40,000 Allowable of Health Care Division

\$40,000 * 40% = \$16,000 Allocated to Regional East

\$16,000 * 20% = \$3,200 Allocated to Mass. Facilities

3. East Regional Office:

\$50,000 * 80% = \$40,000 Allowable of Regional East

\$40,000 * 20% = \$8,000 Allocated to Mass. Facilities

Total Allowable Massachusetts Expenditures:

From ABC Mgmt Co./Acctg. Dept.: \$ 600

From Health Care Division: \$3,200

From East Regional Office: \$8,000

Total \$11,800

This total expenditure which is allowable under Massachusetts regulations is \$11,800. This cost will be allocated to individual facilities such that each licensed bed receives \$11.80 per year since there are 1000 licensed beds in Massachusetts.

Key of Allocation:

1. Allocation percentage of ABC's allowable direct Accounting\Health Care costs to the Division.
2. Allocation percentage of ABC's allowable Accounting\Pooled costs to the Health Care Division.
3. Allocation percentage of ABC's allowable Accounting\Non-Health Care costs to the Division.
4. Allocation percentage of the allowable costs to Regional East.
5. Allocation percentage of the allowable costs to Mass. Facilities.